The Fiscal Monitor

A Publication of the Department of Finance Canada

Highlights

January 2006: budgetary surplus of $1.7 billion

There was a budgetary surplus of $1.7 billion in January 2006, down $0.7 billion from January 2005. Total budgetary revenues rose $1.3 billion, reflecting solid growth in all major tax streams. Program expenses were up $2.2 billion, reflecting the impact of $0.8 billion in assistance for grain and oilseed producers and $0.6 billion related to the Energy Cost Benefit. Public debt charges were $0.2 billion lower.

April 2005 to January 2006: budgetary surplus of $9.0 billion

For the first 10 months of the 2005–06 fiscal year (April to January), the budgetary surplus is estimated at $9.0 billion, down $3.9 billion from the $12.9-billion surplus reported in the same period of 2004–05. Budgetary revenues were up $6.5 billion or 4.1 per cent. This gain is net of the $4.0-billion cost of the personal income tax reduction measures announced in the November 2005 *Economic and Fiscal Update* pertaining to the 2005 tax year. Program expenses were up $11.1 billion or 9.5 per cent, primarily due to higher transfers to the provinces and territories for health care and equalization/Territorial Formula Financing (TFF). Public debt charges were $0.7 billion lower.

January 2006

There was a budgetary surplus of $1.7 billion in January 2006, down $0.7 billion from January 2005.

Budgetary revenues rose $1.3 billion or 6.9 per cent to $20.2 billion.

- Personal income tax receipts were up $1.0 billion or 11.5 per cent, primarily due to stronger source deductions from employment income.
- Corporate income tax revenues rose $0.2 billion or 10.2 per cent, reflecting ongoing profitability in the corporate sector.
- Other income tax receipts—withholdings from non-residents—rose 14.7 per cent.
- Excise taxes and duties rose $0.2 billion or 5.3 per cent, largely due to a $0.2-billion or 7.1-per-cent increase in goods and services tax (GST) revenues. Customs import duties were up $52 million, while sales and excise taxes were down $49 million. Revenues from the Air Travellers Security Charge were down $6 million.
- Employment insurance (EI) premiums declined by 11.3 per cent, reflecting the decline in the premium rate from $1.95 to $1.87 per $100 of insurable earnings, effective January 1, 2006.

- Other revenues, consisting of revenues from Crown corporations, sales of goods and services and foreign exchange revenues, were down 3.0 per cent. Other revenues can be volatile on a monthly basis.

Program expenses in January 2006 were $15.8 billion, up $2.2 billion or 15.8 per cent from January 2005.

Transfer payments were up $1.5 billion or 18.1 per cent.

- Major transfers to persons, consisting of elderly and EI benefits, were up $84 million or 2.1 per cent. Elderly benefits increased 5.5 per cent due to both higher average benefits, which are indexed to Consumer Price Index inflation, and an increase in the number of individuals eligible for benefits. EI benefit payments decreased 2.8 per cent, reflecting a decline in regular benefits.
- Major transfers to other levels of government, consisting of federal transfers in support of health and other social programs (Canada Health Transfer and Canada Social Transfer), fiscal transfers, transfers to provinces on behalf of Canada's cities and communities, and Alternative Payments for Standing Programs, were up $0.5 billion or 20.6 per cent. The increase in federal transfers in support of health and other social programs and higher fiscal transfers largely reflect increased funding under the 2004 agreements on health care and equalization/TFF.
- Subsidies and other transfers increased by $0.9 billion or 46.7 per cent, largely reflecting transfers under the Grains and Oilseeds Payment Program (Agriculture and Agri-Food Canada) and the Energy Cost Benefit (Canada Revenue Agency and Human Resources and Social Development).

Other program expenses consist of transfers to Crown corporations, operating expenses for departments and agencies including National Defence, and the ongoing assessment of the Government's liabilities. These expenses increased by $0.6 billion or 12.0 per cent.

Public debt charges decreased by $0.2 billion or 6.3 per cent due to a decrease in the average effective interest rate on the debt.

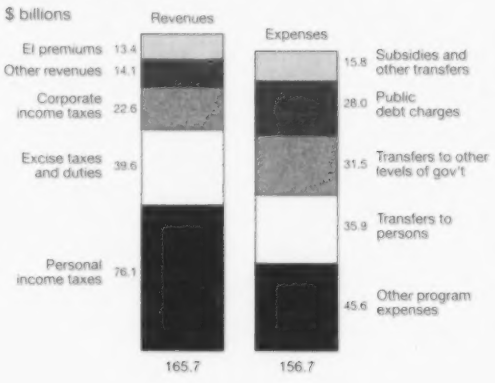
April 2005 to January 2006

In the first 10 months of the 2005–06 fiscal year, there was a budgetary surplus of $9.0 billion, $3.9 billion below the $12.9-billion surplus reported in the same period of 2004–05.

Budgetary revenues were up $6.5 billion or 4.1 per cent to $165.7 billion.

- Personal income tax revenues rose $3.0 billion or 4.1 per cent. This gain is net of the $4.0-billion cost of the personal income tax reduction measures announced in the November 2005 *Economic and Fiscal Update* pertaining to the 2005 tax year.
- Corporate income tax revenues were up $2.7 billion or 13.7 per cent, reflecting gains in corporate profitability in 2005.

Revenues and expenses
(April 2005-January 2006)



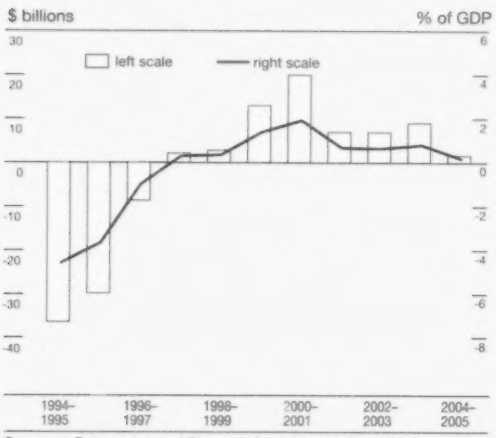
- Other income tax revenues increased by $1.0 billion or 34.9 per cent, reflecting increased dividend payments to non-residents.
- Excise taxes and duties rose $1.9 billion or 5.1 per cent. GST revenues increased $1.8 billion or 6.8 per cent, broadly consistent with the growth rate of retail sales of 6.6 per cent over the same period. Customs import duties were up 12.9 per cent. Sales and excise taxes were down 2.1 per cent, while the Air Travellers Security Charge was down 14.2 per cent, reflecting reductions in the charge effective April 1, 2005.
- EI premiums were down 1.6 per cent, as the impact of the reduction in the premium rate in January 2005 more than offset the impact of higher employment and wages and salaries.
- Other revenues were down $1.9 billion or 16.0 per cent, reflecting the impact of the one-time gain ($2.6 billion) from the sale of the Government's remaining shares in Petro-Canada in September 2004.

Program expenses in the April 2005 to January 2006 period were $128.7 billion, up $11.1 billion or 9.5 per cent over the same period of 2004–05, with most of the increase attributable to higher transfers to provinces and territories for health care and equalization/TFF. Public debt charges declined by $0.7 billion.

Transfer payments, which account for nearly two-thirds of total program expenses, increased by $8.7 billion or 11.7 per cent.

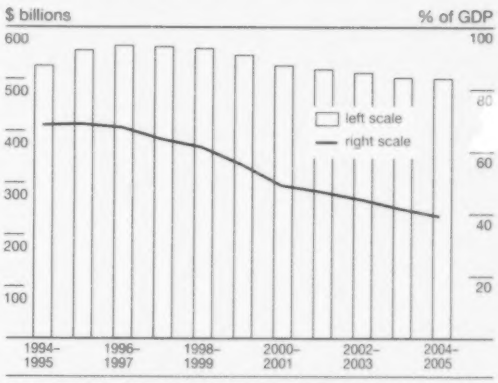
- Transfers to persons advanced by 2.1 per cent. Elderly benefits were up 4.3 per cent while EI benefits were down 2.2 per cent. The year-to-date decline in EI benefits is mainly attributable to a decline in regular benefits, which is in turn due to improved labour market conditions compared to the same period in 2004–05.
- Transfers to other levels of government were up $6.0 billion or 23.5 per cent, reflecting the impact of the 2004 agreement on health care and the new framework for equalization and TFF.

Budgetary balance



Sources: Department of Finance Canada and Statistics Canada.

Federal debt (accumulated deficit)



Sources: Department of Finance Canada and Statistics Canada.

- Subsidies and other transfers increased by 14.7 per cent, reflecting the impact of measures from recent budgets as well as transfers under the Grains and Oilseeds Payment Program and the Energy Cost Benefit.

Other program expenses increased by 5.6 per cent.

Public debt charges were down 2.5 per cent due to a decline in the stock of interest-bearing debt and a decline in the average effective interest rate on that debt.

Financial source of $3.8 billion for April 2005 to January 2006

The budgetary balance is presented on a full accrual basis of accounting, recording government assets and liabilities when they are receivable or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the Government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the Government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

Non-budgetary transactions resulted in a net requirement of $5.2 billion in the April-to-January period, up $0.2 billion from the requirement in the same period of 2004–05.

With a budgetary surplus of $9.0 billion and a net requirement of $5.2 billion from non-budgetary transactions, there was a financial source of $3.8 billion in the first 10 months of 2005–06 compared to a financial source of $7.9 billion in the same period of 2004–05.

Net financing activities down $18.2 billion

The Government used this financial source of $3.8 billion and a reduction in its cash balances of $14.4 billion to reduce its market debt by $18.2 billion by the end of January 2006, largely through a reduction of marketable bonds and treasury bills. The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of January stood at $2.7 billion.

Table 1
Summary statement of transactions

	January		April to January	
	2005	2006	2004–05	2005–06
	($ millions)			
Budgetary transactions				
Revenues	18,856	20,150	159,202	165,713
Expenses				
Program expenses	-13,638	-15,793	-117,587	-128,729
Public debt charges	-2,857	-2,676	-28,714	-27,986
Budgetary balance (deficit/surplus)	2,361	1,681	12,901	8,998
Non-budgetary transactions	-880	2,023	-5,014	-5,226
Financial source/requirement	1,481	3,704	7,887	3,772
Net change in financing activities	-2,027	-5,434	-21,657	-18,163
Net change in cash balances	-546	-1,730	-13,770	-14,391
Cash balance at end of period			3,480	2,730

Note: Positive numbers indicate net source of funds. Negative numbers indicate net requirement for funds.

Table 2
Budgetary revenues

	January			April to January		
	2005	2006	Change	2004–05	2005–06	Change
	($ millions)		(%)	($ millions)		(%)
Tax revenues						
Income taxes						
Personal income tax	8,677	9,673	11.5	73,101	76,108	4.1
Corporate income tax	2,358	2,599	10.2	19,854	22,573	13.7
Other income tax revenue	607	696	14.7	2,899	3,910	34.9
Total income tax	11,642	12,968	11.4	95,854	102,591	7.0
Excise taxes and duties						
Goods and services tax	3,125	3,346	7.1	26,679	28,502	6.8
Customs import duties	192	244	27.1	2,511	2,836	12.9
Sales and excise taxes	759	710	-6.5	8,154	7,983	-2.1
Air Travellers Security Charge	28	22	-21.4	325	279	-14.2
Total excise taxes and duties	4,104	4,322	5.3	37,669	39,600	5.1
Total tax revenues	15,746	17,290	9.8	133,523	142,191	6.5
Employment insurance premiums	1,891	1,677	-11.3	13,604	13,381	-1.6
Other revenues	1,219	1,183	-3.0	12,075	10,141	-16.0
Total budgetary revenues	18,856	20,150	6.9	159,202	165,713	4.1

Note: Totals may not sum due to rounding.

Table 3
Budgetary expenses

	January			April to January		
	2005	2006	Change	2004–05	2005–06	Change
	($ millions)		(%)	($ millions)		(%)
Transfer payments						
Transfers to persons						
Elderly benefits	2,362	2,491	5.5	23,194	24,184	4.3
Employment insurance benefits	1,615	1,570	-2.8	11,982	11,714	-2.2
Total	3,977	4,061	2.1	35,176	35,898	2.1
Transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	1,054	1,583	50.2	10,542	15,833	50.2
Canada Social Transfer	652	685	5.1	6,521	6,854	5.1
Health Reform Transfer	125	0	n/a	1,250	0	n/a
Total	1,831	2,268	23.9	18,313	22,687	23.9
Fiscal transfers	933	1,059	13.5	9,387	10,597	12.9
Canada's cities and communities	0	14	n/a	0	670	n/a
Alternative Payments for Standing Programs	-210	-261	24.3	-2,203	-2,461	11.7
Total	2,554	3,080	20.6	25,497	31,493	23.5
Subsidies and other transfers						
Agriculture	146	777	432.2	826	1,693	105.0
Foreign Affairs	310	333	7.4	2,010	1,933	-3.8
Health	234	207	-11.5	1,494	1,547	3.5
Human Resources Development	264	232	-12.1	1,050	1,144	9.0
Indian and Northern Development	347	368	6.1	3,618	3,986	10.2
Industry and Regional Development	100	159	59.0	1,491	1,610	8.0
Other	593	850	43.4	3,269	3,871	18.4
Total	1,994	2,926	46.7	13,758	15,784	14.7
Total transfer payments	8,525	10,067	18.1	74,431	83,175	11.7
Other program expenses						
Crown corporation expenses						
Canadian Broadcasting Corporation	108	50	-53.7	972	1,028	5.8
Canada Mortgage and Housing Corporation	170	171	0.6	1,685	1,707	1.3
Other	200	161	-19.5	1,731	1,511	-12.7
Total	478	382	-20.1	4,388	4,246	-3.2
Defence	1,156	1,221	5.6	10,905	11,987	9.9
All other departments and agencies	3,479	4,123	18.5	27,863	29,321	5.2
Total other program expenses	5,113	5,726	12.0	43,156	45,554	5.6
Total program expenses	13,638	15,793	15.8	117,587	128,729	9.5
Public debt charges	2,857	2,676	-6.3	28,714	27,986	-2.5
Total budgetary expenses	16,495	18,469	12.0	146,301	156,715	7.1

Note: Totals may not sum due to rounding.

Table 4
Budgetary balance and financial source/requirement

	January		April to January	
	2005	2006	2004–05	2005–06
	($ millions)			
Budgetary balance (deficit/surplus)	2,361	1,681	12,901	8,998
Non-budgetary transactions				
Capital investing activities	-86	-300	-1,088	-1,815
Other investing activities	-531	316	-1,914	-2,460
Pension and other accounts	-565	206	-1,974	-103
Other activities				
Accounts payable, receivables, accruals and allowances	928	1,277	-5,699	-5,994
Foreign exchange activities	-868	284	3,091	2,597
Amortization of tangible capital assets	242	240	2,570	2,549
Total other activities	302	1,801	-38	-848
Total non-budgetary transactions	-880	2,023	-5,014	-5,226
Net financial source/requirement	1,481	3,704	7,887	3,772

Note: Totals may not sum due to rounding.

Table 5
Financial source/requirement and net financing activities

	January		April to January	
	2005	2006	2004–05	2005–06
	($ millions)			
Net financial source/requirement	1,481	3,704	7,887	3,772
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	387	221	-15,523	-7,771
Treasury bills	-2,450	-5,100	1,200	-5,200
Canada Savings Bonds	-96	-103	-1,964	-1,471
Other	0	-19	-28	-223
Total	-2,159	-5,001	-16,315	-14,665
Foreign currency borrowings	69	-428	-5,473	-3,559
Total	-2,090	-5,429	-21,788	-18,224
Obligations related to capital leases	63	-5	131	61
Net change in financing activities	-2,027	-5,434	-21,657	-18,163
Change in cash balance	-546	-1,730	-13,770	-14,391

Note: Totals may not sum due to rounding.

Table 6

Condensed statement of assets and liabilities

	March 31, 2005	January 31, 2006	Change
		($ millions)	
Liabilities			
Accounts payable, accruals and allowances	90,473	84,573	-5,900
Interest-bearing debt			
Unmatured debt			
Payable in Canadian dollars			
Marketable bonds	266,570	258,799	-7,771
Treasury bills	127,199	121,999	-5,200
Canada Savings Bonds	19,080	17,609	-1,471
Other	3,393	3,170	-223
Subtotal	416,242	401,577	-14,665
Payable in foreign currencies	16,286	12,727	-3,559
Obligations related to capital leases	2,932	2,993	61
Total unmatured debt	435,460	417,297	-18,163
Pension and other accounts			
Public sector pensions	129,579	131,281	1,702
Other employee and veteran future benefits	41,549	42,848	1,299
Other pension and other accounts	8,680	5,576	-3,104
Total pension and other accounts	179,808	179,705	-103
Total interest-bearing debt	615,268	597,002	-18,266
Total liabilities	705,741	681,575	-24,166
Financial assets			
Cash and accounts receivable	76,281	61,984	-14,297
Foreign exchange accounts	40,871	38,274	-2,597
Loans, investments and advances (net of allowances)	33,860	36,320	2,460
Total financial assets	151,012	136,578	-14,434
Net debt	554,729	544,997	-9,732
Non-financial assets	54,866	54,132	-734
Federal debt (accumulated deficit)	499,863	490,865	-8,998

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March 2006

The Fiscal Monitor

A Publication of the Department of Finance Canada

Highlights

February 2006: budgetary surplus of $4.1 billion

There was a budgetary surplus of $4.1 billion in February 2006, down $1.7 billion from February 2005. Total budgetary revenues were $0.1 billion lower, primarily due to a $0.6-billion decline in corporate income tax revenues. This decline is primarily due to an increase in refunds to the non-energy manufacturing sector. Program expenses were up $1.6 billion, primarily reflecting higher transfer payments to the provinces and territories as specified under the 2004 agreements on health care and equalization/Territorial Formula Financing (TFF). Public debt charges were flat compared to the same month last year.

April 2005 to February 2006: budgetary surplus of $13.1 billion

For the first 11 months of the 2005–06 fiscal year (April to February), the budgetary surplus is estimated at $13.1 billion, down $5.6 billion from the $18.7-billion surplus reported in the same period of 2004–05. Budgetary revenues were up $6.4 billion or 3.6 per cent. This gain is net of the $4.7-billion cost of the personal income tax reduction measures pertaining to the 2005 tax year and the first two months of this year. Program expenses were up $12.7 billion or 9.9 per cent, primarily due to higher transfers to the provinces and territories for health care and equalization/TFF. Public debt charges were $0.7 billion lower. A full update of the fiscal projections for the year as a whole, including the year-end accrual adjustments, will be provided in the budget.

February 2006

There was a budgetary surplus of $4.1 billion in February 2006, down $1.7 billion from February 2005.

Budgetary revenues declined by $0.1 billion, or 0.5 per cent, to $19.7 billion.

- Personal income tax receipts were up $0.3 billion or 4.7 per cent.
- Corporate income tax revenues were down $0.6 billion or 9.6 per cent, largely due to an increase in refunds to the non-energy manufacturing sector, reflecting weak profitability in that sector in 2005. In addition, corporate year-end settlement payments were weaker than in February last year, due in part to lower settlement payments from the non-energy manufacturing sector.
- Other income tax receipts—withholdings from non-residents—rose $59 million or 16.8 per cent in February.
- Excise taxes and duties rose $0.2 billion or 5.0 per cent due to a $0.3-billion increase in goods and services tax (GST) revenues. Customs import duties were down $38 million, while sales and excise taxes were down $78 million. Revenues from the Air Travellers Security Charge were up $5 million.

- Employment insurance (EI) premiums declined by 4.8 per cent, reflecting the decline in the premium rate from $1.95 to $1.87 per $100 of insurable earnings, effective January 1, 2006.
- Other revenues, consisting of revenues from Crown corporations, sales of goods and services, return on investments, foreign exchange revenues and miscellaneous revenues, were down 3.7 per cent. Other revenues can be volatile on a monthly basis.

Program expenses in February 2006 were $12.9 billion, up $1.6 billion or 13.9 per cent from February 2005, primarily due to higher transfer payments.

Transfer payments were up $1.3 billion or 16.0 per cent.

- Transfers to persons, consisting of elderly and EI benefits, were up $61 million or 1.6 per cent. Elderly benefits increased 5.4 per cent due to both higher average benefits, which are indexed to Consumer Price Index inflation, and an increase in the number of individuals eligible for benefits. EI benefit payments decreased 4.8 per cent, reflecting a decline in regular benefits.
- Transfers to other levels of government, consisting of federal transfers in support of health and other social programs (Canada Health Transfer and Canada Social Transfer), fiscal transfers, transfers to provinces on behalf of Canada's cities and communities, and Alternative Payments for Standing Programs, were up $0.8 billion or 35.3 per cent. The increase in federal transfers in support of health and other social programs and higher fiscal transfers largely reflect increased funding under the 2004 agreements on health care and equalization/TFF.
- Subsidies and other transfers increased $0.4 billion or 21.9 per cent. This component is volatile on a monthly basis.

Other program expenses consist of transfers to Crown corporations and operating expenses for departments and agencies, including National Defence, and also reflect the ongoing assessment of the Government's liabilities. These expenses increased $0.3 billion or 9.4 per cent.

Public debt charges increased marginally, by $9 million.

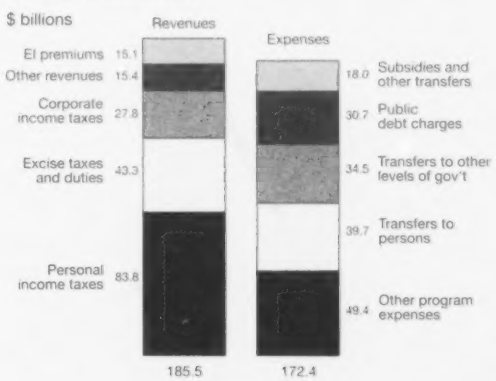
April 2005 to February 2006

In the first 11 months of the 2005–06 fiscal year, there was a budgetary surplus of $13.1 billion, $5.6 billion below the $18.7-billion surplus reported in the same period of 2004–05.

Budgetary revenues increased $6.4 billion or 3.6 per cent to $185.5 billion.

- Personal income tax revenues rose $3.4 billion or 4.2 per cent. This gain is net of the $4.7-billion cost of the personal income tax reduction measures pertaining to the 2005 tax year and the first two months of this year.
- Corporate income tax revenues were up $2.2 billion or 8.4 per cent, reflecting gains in corporate profitability in 2005.

Revenues and expenses
(April 2005-February 2006)



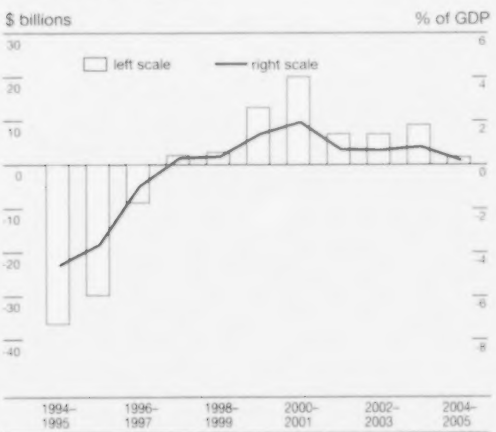
- Other income tax revenues increased $1.1 billion or 32.9 per cent, reflecting increased dividend payments to non-residents.
- Excise taxes and duties rose $2.1 billion or 5.1 per cent. GST revenues increased $2.1 billion or 7.2 per cent, broadly consistent with the growth rate of retail sales of 6.9 per cent over the same period. Customs import duties were up 10.3 per cent. Sales and excise taxes were down 2.8 per cent, while the Air Travellers Security Charge was down 11.2 per cent, reflecting reductions in the charge, effective April 1, 2005.
- EI premiums were down 2.0 per cent, as the impact of the reduction in the premium rate in January 2005 and January 2006 more than offset the impact of higher employment and wages and salaries.
- Other revenues were down $2.0 billion or 15.1 per cent, reflecting the impact of the one-time gain ($2.6 billion) from the sale of the Government's remaining shares in Petro-Canada in September 2004.

Program expenses in the April 2005 to February 2006 period were $141.7 billion, up $12.7 billion or 9.9 per cent from the same period of 2004–05, primarily due to higher transfers to the provinces and territories for health care and equalization/TFF. Public debt charges declined by $0.7 billion.

Transfer payments, which account for nearly two-thirds of total program expenses, increased $10.0 billion or 12.2 per cent.

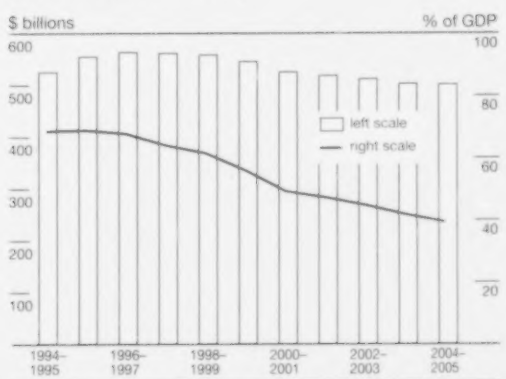
- Transfers to persons advanced by 2.0 per cent. Elderly benefits were up 4.4 per cent while EI benefits were down 2.5 per cent. The year-to-date decline in EI benefits is mainly attributable to a decline in regular benefits, which is in turn due to improved labour market conditions compared to the same period in 2004–05.
- Transfers to other levels of government were up $6.8 billion or 24.5 per cent, reflecting the impact of the 2004 agreements on health care and the new framework for equalization and TFF.

Budgetary balance



Sources: Department of Finance Canada and Statistics Canada.

Federal debt (accumulated deficit)



Sources: Department of Finance Canada and Statistics Canada.

- Subsidies and other transfers increased 15.6 per cent, reflecting the impact of measures from recent budgets as well as transfers under the Grains and Oilseeds Payment Program and the Energy Cost Benefit.

Other program expenses increased 5.8 per cent.

Public debt charges were down 2.3 per cent compared to the same period last year, due to a decline in the stock of interest-bearing debt and a decline in the average effective interest rate on that debt.

Financial source of $5.4 billion for April 2005 to February 2006

The budgetary balance is presented on a full accrual basis of accounting, recording government assets and liabilities when they are receivable or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the Government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the Government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

Non-budgetary transactions resulted in a net requirement of $7.6 billion in the April-to-February period, down $2.6 billion from the requirement in the same period of 2004–05.

With a budgetary surplus of $13.1 billion and a net requirement of $7.6 billion from non-budgetary transactions, there was a financial source of $5.4 billion in the first 11 months of 2005–06 compared to a financial source of $8.5 billion in the same period of 2004–05.

Net financing activities down $18.5 billion

The Government used this financial source of $5.4 billion and a reduction in its cash balances of $13.1 billion to reduce its market debt by $18.5 billion by the end of February 2006, largely through a reduction of marketable bonds and treasury bills. The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of February stood at $4.0 billion.

Table 1
Summary statement of transactions

	February		April to February	
	2005	2006	2004–05	2005–06
	($ millions)			
Budgetary transactions				
Revenues	19,840	19,743	179,044	185,456
Expenses				
Program expenses	-11,348	-12,928	-128,936	-141,658
Public debt charges	-2,722	-2,731	-31,436	-30,717
Budgetary balance (deficit/surplus)	5,770	4,084	18,672	13,081
Non-budgetary transactions	-5,198	-2,416	-10,212	-7,638
Financial source/requirement	572	1,668	8,460	5,443
Net change in financing activities	3,221	-348	-18,437	-18,513
Net change in cash balances	3,793	1,320	-9,977	-13,070
Cash balance at end of period			7,273	4,048

Note: Positive numbers indicate net source of funds. Negative numbers indicate net requirement for funds.

Table 2
Budgetary revenues

	February			April to February		
	2005	2006	Change	2004–05	2005–06	Change
	($ millions)		(%)	($ millions)		(%)
Tax revenues						
Income taxes						
Personal income tax	7,372	7,717	4.7	80,474	83,825	4.2
Corporate income tax	5,780	5,225	-9.6	25,635	27,799	8.4
Other income tax revenue	352	411	16.8	3,251	4,321	32.9
Total income tax	13,504	13,353	-1.1	109,360	115,945	6.0
Excise taxes and duties						
Goods and services tax	2,542	2,830	11.3	29,221	31,333	7.2
Customs import duties	275	237	-13.8	2,785	3,073	10.3
Sales and excise taxes	723	645	-10.8	8,878	8,626	-2.8
Air Travellers Security Charge	31	36	16.1	356	316	-11.2
Total excise taxes and duties	3,571	3,748	5.0	41,240	43,348	5.1
Total tax revenues	17,075	17,101	0.2	150,600	159,293	5.8
Employment insurance premiums	1,797	1,710	-4.8	15,401	15,091	-2.0
Other revenues	968	932	-3.7	13,043	11,072	-15.1
Total budgetary revenues	19,840	19,743	-0.5	179,044	185,456	3.6

Note: Totals may not sum due to rounding.

Table 3

Budgetary expenses

	February			April to February		
	2005	2006	Change	2004–05	2005–06	Change
	($ millions)		(%)	($ millions)		(%)
Transfer payments						
Transfers to persons						
Elderly benefits	2,367	2,496	5.4	25,561	26,680	4.4
Employment insurance benefits	1,423	1,355	-4.8	13,405	13,069	-2.5
Total	3,790	3,851	1.6	38,966	39,749	2.0
Transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	1,054	1,583	50.2	11,596	17,417	50.2
Canada Social Transfer	652	685	5.1	7,173	7,540	5.1
Health Reform Transfer	125	0	n/a	1,375	0	n/a
Total	1,831	2,268	23.9	20,144	24,957	23.9
Fiscal transfers	634	1,045	64.8	10,020	11,641	16.2
Canada's cities and communities	0	0	n/a	0	670	n/a
Alternative Payments for Standing Programs	-210	-261	24.3	-2,413	-2,722	12.8
Total	2,255	3,052	35.3	27,751	34,546	24.5
Subsidies and other transfers						
Agriculture	780	720	-7.7	1,606	2,414	50.3
Foreign Affairs	200	238	19.0	2,210	2,171	-1.8
Health	124	86	-30.6	1,618	1,633	0.9
Human Resources Development	104	124	19.2	1,154	1,268	9.9
Indian and Northern Development	285	278	-2.5	3,903	4,263	9.2
Industry and Regional Development	-16	168	n/a	1,475	1,778	20.5
Other	313	568	81.5	3,582	4,439	23.9
Total	1,790	2,182	21.9	15,548	17,966	15.6
Total transfer payments	7,835	9,085	16.0	82,265	92,261	12.2
Other program expenses						
Crown corporation expenses						
Canadian Broadcasting Corporation	65	69	6.2	1,037	1,098	5.9
Canada Mortgage and Housing Corporation	170	150	-11.8	1,855	1,857	0.1
Other	107	188	75.7	1,838	1,698	-7.6
Total	342	407	19.0	4,730	4,653	-1.6
Defence	1,024	1,183	15.5	11,929	13,170	10.4
All other departments and agencies	2,147	2,253	4.9	30,012	31,574	5.2
Total other program expenses	3,513	3,843	9.4	46,671	49,397	5.8
Total program expenses	11,348	12,928	13.9	128,936	141,658	9.9
Public debt charges	2,722	2,731	0.3	31,436	30,717	-2.3
Total budgetary expenses	14,070	15,659	11.3	160,372	172,375	7.5

Note: Totals may not sum due to rounding.

Table 4

Budgetary balance and financial source/requirement

	February		April to February	
	2005	2006	2004–05	2005–06
	($ millions)			
Budgetary balance (deficit/surplus)	5,770	4,084	18,672	13,081
Non-budgetary transactions				
Capital investing activities	-313	-294	-1,402	-2,108
Other investing activities	-101	-670	-2,015	-3,129
Pension and other accounts	-934	-262	-2,907	-363
Other activities				
Accounts payable, receivables, accruals and allowances	-2,930	-1,404	-8,629	-7,397
Foreign exchange activities	-1,166	15	1,925	2,611
Amortization of tangible capital assets	246	199	2,816	2,748
Total other activities	-3,850	-1,190	-3,888	-2,038
Total non-budgetary transactions	-5,198	-2,416	-10,212	-7,638
Net financial source/requirement	572	1,668	8,460	5,443

Note: Totals may not sum due to rounding.

Table 5

Financial source/requirement and net financing activities

	February		April to February	
	2005	2006	2004–05	2005–06
	($ millions)			
Net financial source/requirement	572	1,668	8,460	5,443
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	1,887	2,245	-13,636	-5,526
Treasury bills	1,100	-2,100	2,300	-7,300
Canada Savings Bonds	-196	-137	-2,161	-1,609
Other	-1	0	-29	-223
Total	2,790	8	-13,526	-14,658
Foreign currency borrowings	397	-361	-5,076	-3,920
Total	3,187	-353	-18,602	-18,578
Obligations related to capital leases	34	5	165	65
Net change in financing activities	3,221	-348	-18,437	-18,513
Change in cash balance	3,793	1,320	-9,977	-13,070

Note: Totals may not sum due to rounding.

Table 6

Condensed statement of assets and liabilities

	March 31, 2005	February 28, 2006	Change
		($ millions)	
Liabilities			
Accounts payable, accruals and allowances	90,473	89,251	-1,222
Interest-bearing debt			
Unmatured debt			
Payable in Canadian dollars			
Marketable bonds	266,570	261,044	-5,526
Treasury bills	127,199	119,899	-7,300
Canada Savings Bonds	19,080	17,471	-1,609
Other	3,393	3,170	-223
Subtotal	416,242	401,584	-14,658
Payable in foreign currencies	16,286	12,366	-3,920
Obligations related to capital leases	2,932	2,997	65
Total unmatured debt	435,460	416,947	-18,513
Pension and other accounts			
Public sector pensions	129,579	131,407	1,828
Other employee and veteran future benefits	41,549	42,982	1,433
Other pension and other accounts	8,680	5,056	-3,624
Total pension and other accounts	179,808	179,445	-363
Total interest-bearing debt	615,268	596,392	-18,876
Total liabilities	705,741	685,643	-20,098
Financial assets			
Cash and accounts receivable	76,281	69,386	-6,895
Foreign exchange accounts	40,871	38,260	-2,611
Loans, investments and advances (net of allowances)	33,860	36,989	3,129
Total financial assets	151,012	144,635	-6,377
Net debt	554,729	541,008	-13,721
Non-financial assets	54,866	54,226	-640
Federal debt (accumulated deficit)	499,863	486,782	-13,081

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Tel: (416) 362-5211
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The Fiscal Monitor

A Publication of the Department of Finance Canada

Highlights

March 2006: budgetary deficit of $1.1 billion

There was a budgetary deficit of $1.1 billion in March 2006, down from the $9.9-billion deficit recorded in March 2005. The improvement is almost entirely due to lower program expenses resulting from lower transfer payments, reflecting $7.2 billion in one-time transfers and adjustments recorded in March 2005 related to the federal-provincial-territorial agreements on health care and Equalization/Territorial Formula Financing (TFF). Program expenses were down $8.4 billion in March. Budgetary revenues were $0.8 billion higher, reflecting solid growth in personal income tax revenues and an increase in non-tax revenues, partially offset by declines in corporate income tax and goods and services tax (GST) revenues. Public debt charges were up $0.3 billion compared to the same month last year.

April 2005 to March 2006: budgetary surplus of $8.4 billion, net of anticipated costs related to Bill C-48

For the April 2005 to March 2006 period, the budgetary surplus is estimated at $12.0 billion, up $3.3 billion from the $8.8-billion surplus reported in the same period of 2004–05. Budgetary revenues were up $7.2 billion, or 3.6 per cent. This gain is net of the $5.0-billion cost of the personal income tax reduction measures pertaining to the 2005 tax year and the first quarter of 2006. Program expenses were up $4.3 billion, or 2.8 per cent, primarily due to higher operating expenses for National Defence and other departments and agencies. Public debt charges were $0.4 billion lower.

The April 2005 to March 2006 monthly results are not the final results for the year as a whole. They do not account for $3.6 billion in costs related to anticipated payments made under Bill C-48 for 2005–06. After adjusting for these payments, the April to March surplus is $8.4 billion. Nor do the results reflect the regular end-of-year accounting adjustments, which include final tax accrual adjustments as well as final estimates of the cost of liabilities incurred during the fiscal year.

A discussion of the impact of the March results on the budget forecast for 2005–06 is provided later in this document.

Note to Readers:

Budget 2006 was presented on a gross reporting basis, whereas The Fiscal Monitor *for March 2006 is presented on a net basis. Beginning with the April 2006 monthly financial results,* The Fiscal Monitor *will also report the monthly financial results on a gross basis. A reconciliation table is provided later in this document showing the monthly results for the April 2005 to March 2006 period on a gross reporting basis, consistent with the Budget 2006 presentation.*

The Fiscal Monitor

March 2006

There was a budgetary deficit of $1.1 billion in March 2006, down $8.9 billion from the $9.9-billion deficit recorded in March 2005.

Budgetary revenues rose $0.8 billion, or 4.3 per cent, to $18.6 billion.

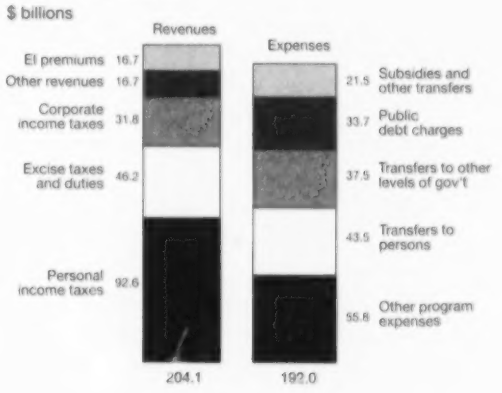
- Personal income tax revenues were up $0.5 billion, or 6.3 per cent.
- Corporate income tax revenues were down $0.2 billion, or 4.6 per cent, reflecting weaker corporate year-end settlement payments from the refining and non-energy manufacturing sectors.
- Other income tax revenues—withholdings from non-residents—rose $34 million, or 10.8 per cent.
- Excise taxes and duties were down $0.1 billion, or 4.1 per cent, due to a $0.2-billion decline in GST revenues. Customs import duties were up $87 million, sales and excise taxes rose $35 million and revenues from the Air Travellers Security Charge were up $2 million.
- Employment insurance (EI) premiums declined by 6.3 per cent, reflecting the decline in the premium rate from $1.95 to $1.87 per $100 of insurable earnings, effective January 1, 2006.
- Other revenues consist of net profits from enterprise Crown corporations, sales of goods and services, returns on investments, foreign exchange revenues and miscellaneous revenues. Other revenues, which are volatile on a monthly basis, were up $0.6 billion.

Program expenses in March 2006 were $16.7 billion, down $8.4 billion, or 33.6 per cent, from March 2005, primarily reflecting lower transfer payments.

Transfer payments were down $8.3 billion, or 44.8 per cent.

- Transfers to persons, consisting of elderly and EI benefits, were up $103 million, or 2.8 per cent. Elderly benefits increased 6.2 per cent due to both higher average benefits, which are indexed to Consumer Price Index inflation, and an increase in the number of individuals eligible for benefits. EI benefit payments decreased 3.3 per cent, reflecting a decline in regular benefits.
- Transfers to other levels of government, consisting of federal transfers in support of health and other social programs (Canada Health Transfer and Canada Social Transfer), fiscal transfers, transfers to provinces on behalf of Canada's cities and communities, and Alternative Payments for Standing Programs, were down $7.2 billion, or 70.2 per cent. The decrease in federal transfers in support of health and other social programs and lower fiscal transfers reflect one-time transfers and adjustments under the 2004 agreements on health care and Equalization/TFF recorded in March 2005.

Revenues and expenses
(April 2005-March 2006)



- Subsidies and other transfers decreased by $1.3 billion, or 26.9 per cent. This component is volatile on a monthly basis.

Other program expenses consist of transfers to Crown corporations and operating expenses for departments and agencies, including National Defence, and also reflect the ongoing assessment of the Government's liabilities. Consistent with the announcement in Budget 2006, this category now also includes the net expenses of foundations. On a year-over-year basis, other program expenses decreased $0.1 billion, or 1.3 per cent.

Public debt charges increased $0.3 billion, or 11.8 per cent, due to an increase in the average effective interest rate on the debt.

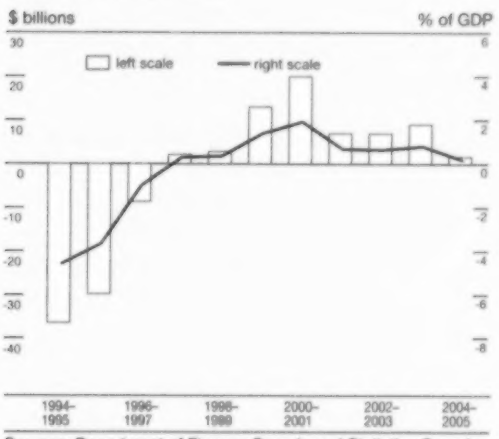
April 2005 to March 2006

For the April 2005 to March 2006 period, there was a budgetary surplus of $12.0 billion, $3.3 billion higher than the $8.8-billion surplus reported in the same period of 2004–05.

Budgetary revenues rose $7.2 billion, or 3.6 per cent, to $204.1 billion.

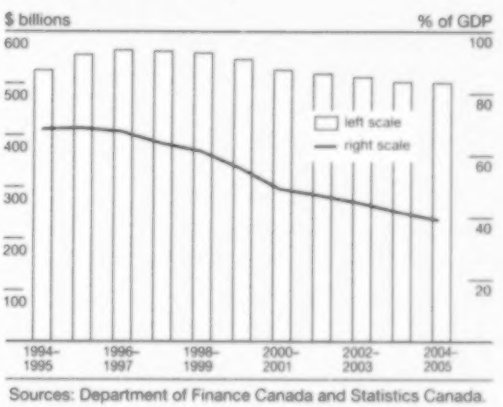
- Personal income tax revenues rose $3.9 billion, or 4.4 per cent. This gain is net of the $5.0-billion cost of the personal income tax reduction measures pertaining to the 2005 tax year and the first quarter of 2006.
- Corporate income tax revenues were up $2.0 billion, or 6.6 per cent, reflecting gains in corporate profitability in 2005.
- Other income tax revenues increased by $1.1 billion, or 31.0 per cent, reflecting increased dividend payments to non-residents.
- Excise taxes and duties rose $2.0 billion, or 4.5 per cent. GST revenues increased $1.9 billion, or 6.0 per cent, broadly consistent with growth in retail sales of 6.7 per cent over the comparable period. Customs import duties were up 12.4 per cent. Sales and excise taxes were down 2.2 per cent, while the Air Travellers Security Charge was down 9.8 per cent, reflecting reductions in the charge, effective April 1, 2005.

Budgetary balance



Sources: Department of Finance Canada and Statistics Canada.

Federal debt (accumulated deficit)



Sources: Department of Finance Canada and Statistics Canada.

- EI premiums were down 2.5 per cent, as the impact of the reductions in premium rates in January 2005 and January 2006 more than offset the impact of higher employment and wages and salaries.
- Other revenues were down $1.3 billion, or 10.0 per cent, reflecting the impact of the one-time gain ($2.6 billion) from the sale of the Government's remaining shares in Petro-Canada in September 2004.

Program expenses in the April 2005 to March 2006 period were $158.3 billion, up $4.3 billion, or 2.8 per cent, over the same period of 2004–05. Public debt charges declined by $0.4 billion. Transfer payments, which account for over half of program expenses, increased by $1.7 billion, or 1.6 per cent.

- Transfers to persons advanced by 2.1 per cent. Elderly benefits were up 4.5 per cent while EI benefits were down 2.6 per cent. The year-to-date decline in EI benefits is mainly attributable to a decline in regular benefits, which is in turn due to improved labour market conditions compared to the same period in 2004–05.
- Transfers to other levels of government were down $0.5 billion, or 1.3 per cent.
- Subsidies and other transfers increased by 6.2 per cent, reflecting the impact of measures from recent budgets as well as transfers under the new Grains and Oilseeds Payment Program and the Energy Cost Benefit.

Other program expenses increased by 5.0 per cent due to higher operating expenses for National Defence and other departments and agencies.

Public debt charges were down 1.2 per cent due to a decline in the stock of interest-bearing debt and a decline in the average effective interest rate on that debt.

Financial source of $5.4 billion for April 2005 to March 2006

The budgetary balance is presented on a full accrual basis of accounting, recording government assets and liabilities when they are receivable or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the Government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the Government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

Non-budgetary transactions resulted in a net requirement of $6.6 billion in the April 2005 to March 2006 period, up $2.5 billion from the requirement in the same period of 2004–05.

With a budgetary surplus of $12.0 billion and a net requirement of $6.6 billion from non-budgetary transactions, there was a financial source of $5.4 billion in the April 2005 to March 2006 period, compared to a financial source of $4.7 billion in the same period of 2004–05.

Net financing activities down $4.6 billion

The Government used this financial source of $5.4 billion to increase its cash balances by $0.8 billion and to reduce its market debt by $4.6 billion by the end of March 2006, largely through a reduction of marketable bonds. The level of cash balances varies from month to month based on a number of factors including periodic large debt maturities, which can be quite volatile on a monthly basis. Cash balances at the end of March stood at $17.9 billion.

The Fiscal Monitor

Quarterly update of the fiscal outlook for 2005–06: estimated outcome for 2005–06 unchanged from budget, with a projected budgetary surplus of $8.0 billion

The monthly results for the 12-month period ended March 2006 are consistent with the forecast presented in the 2006 budget, which was prepared based on monthly financial information through February 2006. However, March data show that both corporate income tax revenues and direct program expenses came in lower than expected.

Corporate income tax revenues in March 2006 were weaker than expected due to lower than anticipated settlement payments from the energy sector. Corporations make monthly tax instalment payments based on either their previous year's actual tax liability or their current year's estimated liability, with any differences made up within 60 days of the close of their taxation year. As roughly three-quarters of Canadian corporations have corporate year-ends in September through December, most corporate settlement payments are received in January through March. As such, the magnitude of corporate receipts in March is very volatile. However, the final result for corporate income tax receipts for 2005–06 will likely be higher than reported in the April to March period. Positive year-end accrual adjustments are generally recorded in the corporate tax stream. This reflects the fact that no adjustments are made to the monthly corporate data for payables and receivables due to a lack of reliable information on which to base such adjustments.

The shortfall in corporate income tax revenues was offset by lower than projected direct program expenses, as it appears that the dissolution of Parliament in November lowered program expenses by more than anticipated in the budget forecast.

All told, the year-to-date results are consistent with the budget forecast of a surplus of $8.0 billion for 2005–06.

The above results are not the final results for the year as a whole.

- The April 2005 to March 2006 monthly results do not account for $3.6 billion in costs related to anticipated payments made under Bill C-48 for 2005–06, yielding a surplus estimate of $8.4 billion.
- Nor do the results reflect the regular end-of-year accounting adjustments, which include final tax accrual adjustments as well as final estimates of the cost of liabilities incurred during the fiscal year.
- While the monthly results include estimates of tax accruals, the final accruals can vary significantly from the monthly estimates due to factors such as the magnitude of registered retirement savings plan contributions and variations in capital gains and losses reported at tax filing. Final accrual estimates will be determined based on assessments of tax files as at May 31.
- Similarly, while the monthly results attempt to reflect the most up-to-date information on the Government's legal and environmental liabilities, provisions for guarantees, and allowances for valuation of loans, investments and advances, these are ultimately determined when the books are closed for the year, generally in September.

Differences between net and gross reporting

The revenues and expenses in Tables 1–6 are presented on a "net" basis, with certain expenses netted against budgetary revenues and certain revenues netted against expenses: the Canada Child Tax Benefit is netted against personal income tax revenues; departmental revenues that are levied for specific purposes, such as the contract costs of policing services in provinces, are netted against expenses; and revenues of consolidated Crown corporations and other entities are netted against their total expenses. This classification has the effect of reducing both revenues and expenses but has no impact on the budgetary balance. The following table shows the impact of "grossing up" budgetary revenues and expenses for these adjustments. Beginning with the April 2006 monthly financial results, *The Fiscal Monitor* will be presented on a gross basis, consistent with the presentation in Budget 2006.

Differences between net and gross reporting

	March		April to March	
	2005	2006	2004–05	2005–06
	($ millions)			
Net revenues	17,844	18,607	196,889	204,061
Add: Adjustments				
Canada Child Tax Benefit (personal income tax)	752	809	8,745	9,278
Revenues netted against program expenses (other revenues)	481	515	2,493	2,837
Revenues of consolidated Crown corporations and foundations (other revenues)	386	361	1,761	1,718
Net adjustment	1,619	1,685	12,999	13,833
Gross revenues	19,463	20,292	209,888	217,894
Net program expenses	25,076	16,654	154,015	158,311
Add: Adjustments				
Canada Child Tax Benefit (transfers to persons)	752	809	8,745	9,278
Revenues netted against program expenses (other program expenses)	481	515	2,493	2,837
Revenues of consolidated Crown corporations and foundations (other program expenses)	386	361	1,761	1,718
Net adjustment	1,619	1,685	12,999	13,833
Gross program expenses	26,695	18,339	167,014	172,144

Table 1
Summary statement of transactions

	March		April to March	
	2005	2006	2004–05	2005–06
	($ millions)			
Budgetary transactions				
Revenues	17,844	18,607	196,889	204,061
Expenses				
Program expenses	-25,076	-16,654	-154,015	-158,311
Public debt charges	-2,687	-3,004	-34,122	-33,722
Budgetary balance (deficit/surplus)	-9,919	-1,051	8,752	12,028
Non-budgetary transactions	6,120	1,046	-4,091	-6,593
Financial source/requirement	-3,799	-5	4,661	5,435
Net change in financing activities	13,647	13,886	-4,790	-4,626
Net change in cash balances	9,848	13,881	-129	809
Cash balance at end of period			17,122	17,931

Note: Positive numbers indicate net source of funds. Negative numbers indicate net requirement for funds.

Table 2
Budgetary revenues

	March			April to March		
	2005	2006	Change	2004–05	2005–06	Change
	($ millions)		(%)	($ millions)		(%)
Tax revenues						
Income taxes						
Personal income tax	8,213	8,732	6.3	88,686	92,558	4.4
Corporate income tax	4,238	4,043	-4.6	29,872	31,842	6.6
Other income tax revenue	316	350	10.8	3,567	4,671	31.0
Total income tax	12,767	13,125	2.8	122,125	129,071	5.7
Excise taxes and duties						
Goods and services tax	1,939	1,694	-12.6	31,161	33,027	6.0
Customs import duties	249	336	34.9	3,034	3,409	12.4
Sales and excise taxes	728	763	4.8	9,606	9,390	-2.2
Air Travellers Security Charge	33	35	6.1	389	351	-9.8
Total excise taxes and duties	2,949	2,828	-4.1	44,190	46,177	4.5
Total tax revenues	15,716	15,953	1.5	166,315	175,248	5.4
Employment insurance premiums	1,768	1,657	-6.3	17,169	16,748	-2.5
Other revenues	360	997	176.9	13,405	12,065	-10.0
Total budgetary revenues	17,844	18,607	4.3	196,889	204,061	3.6

Note: Totals may not sum due to rounding.

Table 3
Budgetary expenses

	March			April to March		
	2005	2006	Change	2004–05	2005–06	Change
	($ millions)		(%)	($ millions)		(%)
Transfer payments						
Transfers to persons						
Elderly benefits	2,365	2,512	6.2	27,926	29,192	4.5
Employment insurance benefits	1,328	1,284	-3.3	14,734	14,352	-2.6
Total	3,693	3,796	2.8	42,660	43,544	2.1
Transfers to other levels of government						
Support for health and other social programs						
Canada Health Transfer	6,835	1,583	-76.8	18,431	19,000	3.1
Canada Social Transfer	727	685	-5.8	7,900	8,225	4.1
Health Reform Transfer	125	0	n/a	1,500	0	n/a
Total	7,687	2,268	-70.5	27,831	27,225	-2.2
Fiscal transfers	2,882	796	-72.4	12,902	12,437	-3.6
Canada's cities and communities	0	0	n/a	0	580	n/a
Alternative Payments for Standing Programs	-333	-10	-97.0	-2,746	-2,732	-0.5
Total	10,236	3,054	-70.2	37,987	37,510	-1.3
Subsidies and other transfers						
Agriculture	1,044	244	-76.6	2,650	2,658	0.3
Foreign Affairs	1,182	887	-25.0	3,391	3,058	-9.8
Health	246	287	16.7	1,864	1,920	3.0
Human Resources Development	49	148	202.0	1,203	1,416	17.7
Indian and Northern Development	452	544	20.4	4,354	4,807	10.4
Industry and Regional Development	207	205	-1.0	1,682	1,983	17.9
Other	1,497	1,102	-26.4	5,080	5,632	10.9
Total	4,677	3,417	-26.9	20,224	21,474	6.2
Total transfer payments	18,606	10,267	-44.8	100,871	102,528	1.6
Other program expenses						
Crown corporation and foundation expenses						
Canadian Broadcasting Corporation	0	0	n/a	1,037	1,098	5.9
Canada Mortgage and Housing Corporation	190	176	-7.4	2,045	2,033	-0.6
Other	697	874	25.4	2,535	2,571	1.4
Total	887	1,050	18.4	5,617	5,702	1.5
Defence	1,633	1,566	-4.1	13,562	14,736	8.7
All other departments and agencies	3,950	3,771	-4.5	33,965	35,345	4.1
Total other program expenses	6,470	6,387	-1.3	53,144	55,783	5.0
Total program expenses	25,076	16,654	-33.6	154,015	158,311	2.8
Public debt charges	2,687	3,004	11.8	34,122	33,722	-1.2
Total budgetary expenses	27,763	19,658	-29.2	188,137	192,033	2.1

Note: Totals may not sum due to rounding.

Table 4
Budgetary balance and financial source/requirement

	March		April to March	
	2005	2006	2004–05	2005–06
	($ millions)			
Budgetary balance (deficit/surplus)	-9,919	-1,051	8,752	12,028
Non-budgetary transactions				
Capital investing activities	-862	-674	-2,264	-2,783
Other investing activities	-636	359	-2,651	-2,772
Pension and other accounts	278	515	-2,628	153
Other activities				
Accounts payable, receivables, accruals and allowances	5,321	2,192	-3,307	-5,205
Foreign exchange activities	1,517	-1,567	3,441	1,045
Amortization of tangible capital assets	502	221	3,318	2,969
Total other activities	7,340	846	3,452	-1,191
Total non-budgetary transactions	6,120	1,046	-4,091	-6,593
Net financial source/requirement	-3,799	-5	4,661	5,435

Note: Totals may not sum due to rounding.

Table 5
Financial source/requirement and net financing activities

	March		April to March	
	2005	2006	2004–05	2005–06
	($ millions)			
Net financial source/requirement	-3,799	-5	4,661	5,435
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	1,348	674	-12,288	-4,852
Treasury bills	11,500	11,700	13,800	4,400
Canada Savings Bonds	-83	-124	-2,244	-1,732
Other	-6	-68	-35	-290
Total	12,759	12,182	-767	-2,474
Foreign currency borrowings	822	1,719	-4,254	-2,202
Total	13,581	13,901	-5,021	-4,676
Obligations related to capital leases	66	-15	231	50
Net change in financing activities	13,647	13,886	-4,790	-4,626
Change in cash balance	9,848	13,881	-129	809

Note: Totals may not sum due to rounding.

Table 6

Condensed statement of assets and liabilities

	March 31, 2005	March 31, 2006	Change
		($ millions)	
Liabilities			
Accounts payable, accruals and allowances	90,478	85,961	-4,517
Interest-bearing debt			
Unmatured debt			
Payable in Canadian dollars			
Marketable bonds	266,570	261,718	-4,852
Treasury bills	127,199	131,599	4,400
Canada Savings Bonds	19,080	17,348	-1,732
Other	3,393	3,103	-290
Subtotal	416,242	413,768	-2,474
Payable in foreign currencies	16,286	14,084	-2,202
Obligations related to capital leases	2,932	2,982	50
Total unmatured debt	435,460	430,834	-4,626
Pension and other accounts			
Public sector pensions	129,579	131,479	1,900
Other employee and veteran future benefits	41,549	43,112	1,563
Other pension and other accounts	8,680	5,370	-3,310
Total pension and other accounts	179,808	179,961	153
Total interest-bearing debt	615,268	610,795	-4,473
Total liabilities	705,746	696,756	-8,990
Financial assets			
Cash and accounts receivable	76,349	77,846	1,497
Foreign exchange accounts	40,871	39,826	-1,045
Loans, investments and advances (net of allowances)	39,249	42,021	2,772
Total financial assets	156,469	159,693	3,224
Net debt	549,277	537,063	-12,214
Non-financial assets	54,870	54,684	-186
Federal debt (accumulated deficit)	494,407	482,379	-12,028

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